

CENTURYLINK SUMMARY FOR FCC WORKSHOP ON MAY 18, 2011 IN OMAHA, NEBRASKA

CenturyLink is pleased the Commission is focused on ending the Rural/Rural divide.

- We are always pleased to see the FCC collect local feedback. Nebraska has much at stake—Universal Service Fund (USF) and broadband reforms discussed in Washington will have a real and significant impact on Nebraska education, healthcare, businesses and families.
- Nebraskans must be assured that the proposed FCC reforms clearly work to advance broadband deployment and continued availability of high quality voice communications.
- Although USF has worked well for some rural consumers, as the National Broadband Plan (NBP) found, other rural customers living in equally high cost areas do not have access to broadband solely because USF policies discriminate against larger carriers.

CenturyLink has particular interest in USF reform carrier-of-last-resort (COLR) policies.

- CenturyLink serves a vast amount of rural America, with local operations now covering a combined service territory of roughly 600,000 square miles.
- Approximately 84% of that territory has fewer than 30 people per square mile.
- CenturyLink averages just 29 lines per square mile in contrast with 100-150 lines per square mile for AT&T and Verizon.

USF reform should focus on rural consumers needs regardless of the size of their carrier.

- The public interest will be best served by ending policy decisions based on size of carriers, which unfairly discriminate against the high-cost customers of larger providers.
- When public policy and legal mandates call for affordable service to be provided in high-cost areas those obligations must be adequately and explicitly funded, and not buried through references to business results in other areas or for other products.
- If these obligations are not adequately supported, it will strangle network maintenance and upgrades, thereby undermining any terrestrial broadband solution in those areas.

When it comes to ending the Rural/Rural divide, targeting is the primary USF solution.

- In the short run, the FCC should convert IAS to support broadband without going through the delay and it could fix Non-Rural, model support by removing averaging to target support.
- In addition, there should be only one recipient of CAF support in any given area, and support should not be provided to support overbuilding of existing and planned broadband networks.
- The Commission should also offer a right of first refusal to existing providers that have deployed network in the areas that are to receive CAF support, which will avoid undermining existing and planned investments while promoting efficient use of USF.

As for the appropriate unit for targeting, the Commission should use ILEC wire centers.

- As noted in the NBP, fiber second mile construction is the critical input for any terrestrial broadband. It will be constructed most efficiently through extensions to the current wireline network, which is based on wire centers.
- Any other unit—census blocks, counties, etc—will require either significant network reconfiguration or complex contractual arrangements between neighboring providers to provide full coverage, which will deter efficient providers from competing for CAF support.
- Current COLR obligations are defined at the wire center level, so that distributing support on a wire center basis will facilitate the potential handoff of COLR where a non-ILEC becomes the supported provider.